

**CANADIAN GENERAL INVESTMENTS, LIMITED****NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Shareholders of Canadian General Investments, Limited (the "Corporation") will be held in Room A, 4<sup>th</sup> Floor, The Toronto Board of Trade, 77 Adelaide Street West, First Canadian Place, Street Level, [Adelaide Street entrance], Toronto, Ontario, Canada, M5X 1C1 on Tuesday, the 2nd day of April, 2002 at the hour of 2:00 o'clock in the afternoon (Toronto time) for the purposes of:

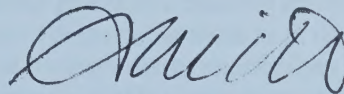
- (a) receiving the Annual Report of the Corporation containing the Financial Statements of the Corporation for the fiscal year ended December 31, 2001 and the Report of the Auditors thereon;
- (b) electing Directors;
- (c) appointing Auditors and authorizing the Directors to fix their remuneration;
- (d) transacting such other business as may properly be brought before the meeting or any adjournment thereof.

A copy of the Annual Report of the Corporation containing the Financial Statements of the Corporation for the fiscal year ended December 31, 2001 together with the Auditors' Report thereon, accompanies this Notice.

Shareholders who are unable to attend the meeting are requested to complete, sign and return in the envelope provided for that purpose, the enclosed form of proxy.

DATED at Toronto as of the 7th day of February, 2002

By Order of the Board,



COLIN D. SMITH  
*Secretary-Treasurer*





# CANADIAN GENERAL INVESTMENTS, LIMITED

## MANAGEMENT INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies by the Management of Canadian General Investments, Limited (the "Corporation") for use at the Annual Meeting of Shareholders (the "Shareholders") of the Corporation to be held on April 2, 2002, at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be primarily by mail. However, proxies may also be solicited by telephone or in person. The total cost of the solicitation will be borne by the Corporation.

### REVOCATION AND APPOINTMENT OF PROXIES

A Shareholder executing the enclosed form of proxy has the power to revoke it at any time, insofar as it has not been exercised, by depositing a duly executed instrument in writing revoking the proxy either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used or with the Chairman of such Meeting on the day of the Meeting or any adjournment thereof or in any other manner permitted by law.

The persons named in the enclosed form of proxy are Directors of the Corporation. **A Shareholder has the right to appoint a person other than those designated in the form of proxy, to attend, act and vote for him or her and on his or her behalf at the Meeting.** To exercise such right the Shareholder may insert the name of the desired person (who need not be a Shareholder) in the blank space provided in the form of proxy or may complete another appropriate form of proxy, and in either case, should deliver the completed proxy to the Corporation before the time of the Meeting.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

As at the date hereof, the Corporation has outstanding 20,475,692 common shares. Each holder of common shares is entitled to one vote for each common share registered in his or her name as at the close of business on February 15, 2002. However, in the event that any holder of common shares transfers any of such common shares after February 15, 2002, the transferee of such common shares is entitled to vote those shares if he or she produces properly endorsed share certificates or otherwise establishes that he or she owns the common shares and requests, not later than 10 days before the Meeting, that the Corporation's transfer agent, Computershare Trust Company of Canada, include his or her name in the list of Shareholders entitled to vote at the Meeting.

As of the date hereof, CDS & Co. (The Canadian Depository for Securities Limited) is the registered holder of 7,171,399 common shares which represent 35.02% of the outstanding common shares of the Corporation. The Directors of the Corporation are not aware of the beneficial ownership of such common shares, other than as set out herein.

To the knowledge of the Directors and officers of the Corporation, the only persons or companies other than CDS & Co. that beneficially own or exercise control or direction over more than 10% of the common shares of the Corporation are the Estate of E. Louise Morgan, which owns, directly and indirectly, or exercises control or direction over 8,697,868 common shares, representing 42.48% of the outstanding common shares of the Corporation and The Catherine and Maxwell Meighen Foundation, a charitable foundation, which owns beneficially and directly 2,853,190 common shares, representing 13.9% of the outstanding common shares of the Corporation. Vanessa L. Morgan and Jonathan A. Morgan, who are directors of the Corporation, are the executors of the Estate of E. Louise Morgan and are also voting members and directors of The Catherine and Maxwell Meighen Foundation. Vanessa L. Morgan is also the President of such Foundation.



## ELECTION OF DIRECTORS

Directors of the Corporation are elected annually and eight Directors are to be elected at this Meeting. The persons whose names are pre-printed in the enclosed form of proxy intend to vote the common shares represented thereby for the election of the nominees whose names are hereinafter set forth, all of whom are now members of the Board of Directors of the Corporation. Management does not contemplate that any of the nominees will be unable to serve as a Director, but if that should occur for any reason prior to the Meeting, the persons whose names are pre-printed in the enclosed form of proxy will vote for the election of another person or persons in their discretion unless authority to vote in the election of Directors is withheld. Each Director elected will hold office until the annual meeting of shareholders next following his or her election or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Corporation's By-Laws.

The following table and notes thereto set out the names of all persons proposed to be nominated for election as Directors, all other positions and offices held by them with the Corporation, their principal occupation or employment, the year in which they first became Directors of the Corporation and the number of common shares of the Corporation beneficially owned or deemed to be owned or over which control or direction is exercised by each of them. The information as to common shares beneficially owned, controlled or directed has been furnished by the respective nominees.

<u>Name and Present Principal Occupation</u>	<u>Year First Became a Director</u>	<u>Approximate Number of Common Shares Beneficially Owned, Controlled or Directed</u>	
		<u>Number</u>	<u>Percent</u>
ALBERT E. BATES..... Consultant and Corporate Director	1993	4,288	.02
M. PAUL BLOOM..... President, Bloom Investment Counsel, Inc. (Investment Management)	1993	12,000	.06
JAMES G. COOK..... Barrister and Solicitor	2001	--	--
CARL S. HUTMAN..... Private Investor	1993	428	--
NICK MAJENDIE..... Senior Vice-President and Director Canaccord Capital Corporation..... (Investment Dealers)	1994	5,467	.03
JONATHAN A. MORGAN..... Senior Vice-President, Morgan Meighen & Associates Limited (Investment Management Company)	2001	177,959 (See Notes 7 and 9)	.87
VANESSA L. MORGAN..... Chairman of the Corporation	1997	30,683 (See Notes 8 and 9)	.15
MICHAEL A. SMEDLEY..... President of the Corporation	1989	12,886	.06

Notes:

- Each of the nominees has served continuously as a Director from the time in the year when he or she first became a Director.
- All of the directors were previously elected at a meeting of shareholders of the Corporation except Jonathan A. Morgan who was appointed to the Board on December 18, 2001 subsequent to the resignation from the Board due to ill health of E. Louise Morgan, former Chairman of the Corporation.



3. During the five years prior to the date hereof, each of the nominees has been engaged in his or her principal occupation except Mr. Hutman, who prior to December 1999 was Managing Director of Fundamental Management Corporation; Mr. Majendie, who prior to October 13, 1998 was Vice-President, Research, C.M. Oliver Company Ltd.; Mr. Morgan, who during the past five years has been a student participating in the Doctoral Programme at Albert Ludwig – Universitaet Freiburg, Germany and was employed as a management trainee with the Manager, Morgan Meighen & Associates Limited during portions of time over the period; Ms. Morgan, who prior to July 2000, the date of her employment with the Manager, was CFO and Secretary of Denbridge Capital Corporation.
4. The Corporation does not have an Executive Committee.
5. The present members of the Corporation's Audit Committee are Albert E. Bates, James G. Cook and Carl S. Hutman.
6. The present members of the Corporation's Corporate Governance Committee are Albert E. Bates, Nick Majendie and Jonathan A. Morgan.
7. The common shares shown above opposite the name of Jonathan A. Morgan are those which he and his associates beneficially own, directly or indirectly, or over which he exercises control or direction as follows:
  - (a) 225490 Investment Limited holds 137,614 common shares (representing 0.67% of the class).
  - (b) Jonathan A. Morgan holds directly 40,345 common shares (representing 0.20% of the class).
8. The common shares shown above opposite the name of Vanessa L. Morgan are those which she owns beneficially and directly and over which she exercises control and direction.
9. Jonathan A. Morgan and Vanessa L. Morgan are the executors of the Estate of E. Louise Morgan which beneficially owns, directly or indirectly or exercises control or direction over an aggregate of 8,697,868 common shares (representing 42.48% of the class) through the following entities:
  - (a) Third Canadian General Investment Trust Limited ("Third") holds 2,477,434 common shares (representing 12.10% of the class) and three wholly-owned subsidiaries of Third each hold 1,717,459 common shares (each representing 8.39% of the class) for an aggregate holding by Third and such subsidiaries of 7,629,811 common shares (representing 37.26% of the class).
  - (b) New Annan Investments Limited holds 994,644 common shares representing 4.86% of the class.
  - (c) The Estate of E. Louise Morgan holds directly 73,413 common shares representing 0.36% of the class.

Jonathan A. Morgan and Vanessa L. Morgan are voting members and directors of The Catherine and Maxwell Meighen Foundation, a charitable foundation, which owns beneficially and directly 2,853,190 common shares (representing 13.93% of the class). Vanessa L. Morgan is also the President of such Foundation.

Jonathan A. Morgan and Vanessa L. Morgan are children of the late E. Louise Morgan.

In addition, the following directors and entities, either directly or indirectly, hold warrants to purchase common shares of the Corporation:

	<b>Approximate Number of Warrants Beneficially Owned, Controlled or Directed</b>
Albert E. Bates	421
Jonathan A. Morgan	36,709
Vanessa L. Morgan	7,068
Michael A. Smedley	26,800
The Estate of E. Louise Morgan	1,740,354
The Catherine and Maxwell Meighen Foundation	649,568

Such warrants of the Corporation are exercisable on June 30 each year, commencing June 30, 2000 and ending June 30, 2007. Subject to adjustment as set out in the Amended and Restated Warrant Indenture, the current warrant exercise price per common share is \$6.50.



## REMUNERATION OF DIRECTORS AND OFFICERS

Each Director of the Corporation, other than a Director who is an Executive Officer of the Manager, Morgan Meighen & Associates Limited is entitled to receive a fee of \$10,000 per annum, and effective August 15, 2001, a fee of \$1,000 (an increase from the previous \$800) for each meeting of the Board or any Committee thereof attended. The Chairman of each Committee of the Board is entitled to a fee of \$1,000 per annum. In addition, each Director who is not an officer of the Corporation and who must travel from "out-of-town" for purposes of attending a meeting of the Board of Directors or a Committee thereof is entitled to receive a fee of \$350 in addition to fees for attendance and reimbursement of reasonable travel expenses, as compensation for the time required to travel to such meeting or combination of meetings.

During the fiscal year ended December 31, 2001, seven Directors of the Corporation received directors' fees aggregating \$108,000. No other compensation was paid or is payable to the Directors of the Corporation in respect of the Corporation's fiscal year ended December 31, 2001.

During the year ended December 31, 2001 the Corporation had three "executive officers" within the meaning of the Securities Act (Ontario). The executive officers were remunerated by the Manager in their capacity as directors and/or officers of that company and received no remuneration from the Corporation. No compensation was paid or is payable to any officer of the Corporation during or in respect of the Corporation's fiscal year ended December 31, 2001. Morgan Meighen & Associates Limited provides management services to the Corporation as outlined under the heading "Management Contract".

## MANAGEMENT CONTRACT

By agreement made September 20, 1955, as amended by agreements made September 30, 1981, November 5, 1991, April 1, 1994, and August 13, 1998 (on which those Directors who were also officers of the Manager refrained from voting) between the Corporation and Morgan Meighen & Associates Limited (the "Manager"), the Manager was appointed by the Corporation to manage its investment business. Under the said management agreement (the "Management Agreement") the Manager is responsible for making all decisions relating to the investments, disposition and re-investment of monies and securities forming part of the investment portfolio from time to time. In addition to portfolio management services, the Manager supplies, at its expense, office accommodation, office staff, statistical and research services and accounting services to administer the Corporation's accounts, and certain other services. The Manager will provide for each meeting of the Board of Directors and any Executive Committee of the Corporation, a report setting out the current portfolio of investments of the Corporation and of all transactions since its previous report. The Manager is also responsible for assisting the Board of Directors of the Corporation with the preparation of such financial statements or other reports as are required by applicable Canadian law, and to assist the Corporation in furnishing the same to shareholders. The Manager is also responsible for calculating and publishing the net asset value of the Corporation. The Management Agreement continues until terminated by either party with 90 days prior written notice, and provided, in the case of termination of the Management Agreement by the Corporation, that termination has been approved by a two-thirds shareholder vote cast at a meeting of shareholders of the Corporation. The Corporation may also terminate the Management Agreement if the Manager is in default or breach of its responsibilities and such default is not rectified within 30 days. In the event the Management Agreement is terminated by the Corporation for reasons other than an unrectified breach or default, the Manager is entitled to a termination payment in an amount equal to three-quarters of the fees paid or payable to the Manager during the most recently completed twelve month period for its services under the Management Agreement. Until September 30, 1998 the Manager was entitled to receive a fee of 1% per annum of the net asset value (excluding tax liabilities) of the Corporation. In view of the Corporation's preference share issue completed in October, 1998, by approval of the independent members of the Board of Directors, effective October 1, 1998, the Manager became entitled to receive a fee of 1% per annum of the Corporation's investments at market value adjusted for cash balances, portfolio accounts receivable and portfolio accounts payable. The Management Fee is calculated without regard to any securities owned by the Corporation in any company or other entity whose investment portfolio is managed by the Manager and is calculated on a quarterly basis and payable monthly.



The amounts paid or payable by the Corporation to the Manager for its services as Manager aggregated \$3,762,000 (including GST) during the fiscal year of the Corporation ended December 31, 2001.

The names and municipality of residence of the "insiders" of the Manager are as follows:

<u>Name and Office</u>	<u>Municipality</u>
Vanessa L. Morgan, President of the Manager . . . . .	Mississauga, Ontario
Michael A. Smedley, Executive Vice-President and Chief Executive Officer of the Manager . . . . .	Toronto, Ontario
Jonathan A. Morgan, Senior Vice-President of the Manager	Toronto, Ontario
Clive W. Robinson, Senior Vice-President of the Manager.	Toronto, Ontario
Colin D. Smith, Vice-President Finance and Secretary of the Manager . . . . .	Toronto, Ontario
D. Greg Eckel, Vice-President of the Manager . . . . .	Toronto, Ontario
Alex Sulzer, Vice-President of the Manager . . . . .	Oakville, Ontario
Frank Fuernkranz, Treasurer of the Manager . . . . .	Toronto, Ontario
New Annan Investments Ltd. . . . .	Toronto, Ontario

### **DIRECTORS' AND OFFICERS' INSURANCE**

During the year ended December 31, 2001, the Corporation purchased insurance for its Directors and Officers with respect to certain liabilities which may be incurred by them in their capacity as Directors or Officers of the Corporation. The insurance policy also covers Directors and Officers of Canadian World Fund Limited ("CWL") and Third Canadian General Investment Trust Limited ("Third"). The policy provides insurance coverage for claims made during the policy period to a maximum of \$5,000,000 in respect of each loss and a maximum of \$5,000,000 in the aggregate in respect of each policy year (including claims in respect of Directors and Officers of CWL and Third). The insurance policy provides for a deductible amount of \$50,000 per loss in the case of claims for which the Corporation grants indemnity to individual Directors and Officers. The premium paid by the Corporation for the policy period from June 26, 2001 to June 26, 2002 was \$24,343, none of which was paid by individual Directors or Officers. The insurance policy does not make any distinction between insurance coverage for Directors and insurance coverage for Officers and there is no basis for estimating the amount of the premiums paid in respect of Directors or Officers as a group.

### **APPOINTMENT OF AUDITORS**

Unless authority to vote in the appointment of auditors is withheld, the persons whose names are pre-printed in the enclosed form of proxy intend to vote the common shares represented thereby for the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, as Auditors of the Corporation, at a remuneration to be fixed by the Board of Directors, to hold office until the close of the next annual meeting of Shareholders. The persons whose names are pre-printed in the enclosed form of proxy intend to vote for a resolution authorizing the Directors to fix the remuneration of the Auditors. The resolution will be passed if approved by a majority of the votes cast at the Meeting.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

In February, 1995, the Toronto Stock Exchange Committee on Corporate Governance in Canada issued its final report containing a series of guidelines for effective corporate governance. These guidelines, which are not mandatory, deal with the constitution and functions of boards of directors and board committees that ensure sound corporate governance. The TSE Board of Governors has adopted one of the recommendations put forward by the



Committee that listed Canadian incorporated companies be required to disclose their approach to corporate governance with reference to the guidelines set out in the report. The TSE rules were revised in 1999 to require that listed companies specifically address each of the 14 guidelines, and where the company's system is different from the guidelines, or the guidelines do not apply, to explain the difference or the inapplicability. In accordance with this listing requirement, the following provides the particulars of the Corporation's corporate governance practices currently in place.

	<b>TSE CORPORATE GOVERNANCE GUIDELINE</b>	<b>COMMENTS</b>
1	<p>Board should explicitly assume responsibility for stewardship of the Corporation, and specifically for:</p> <p>a. Adoption of a strategic planning process</p> <p>b. Identification of principal risks, and implementing risk-management systems</p> <p>c. Succession planning and monitoring Senior management</p> <p>d. Communications policy</p> <p>e. Integrity of internal control and management information systems</p>	<p>The ultimate responsibility for the management of the Corporation resides with the Board of Directors, which approves all matters as required under applicable legislation.</p> <p>Due to the nature of the business of the Corporation, the strategic planning centres on portfolio management. The President, together with the investment management team of Morgan Meighen &amp; Associates Limited (the "Manager"), are responsible for portfolio investment strategy. Strategic issues are discussed at every meeting of the Board, and at least one meeting a year is set aside exclusively for review of the strategic planning process and corporate governance.</p> <p>Identifying business risks is the responsibility of Management subject to review by the Board. The Board monitors these matters regularly.</p> <p>The Corporation has officers but no employees. Subject to Board review, the Board monitors the effectiveness of Management on a continuous basis. Succession planning for the Manager falls within the jurisdiction of the President of that company. The Board appoints the Manager and monitors the effectiveness of the approach to this issue.</p> <p>The Board monitors Management's handling of communications between the Corporation, shareholders, potential investors, investment professionals and regulatory bodies.</p> <p>The Board through its Audit Committee, the Corporation's Auditors, and working closely with the Manager, has in place effective procedures for monitoring the integrity and performance of the systems supporting the Corporation.</p>
2 & 3	Majority of directors should be "unrelated" (independent of management and free from conflicting interest)	The majority of the Board is unrelated in that 5 of 8 directors are independent of management and free from any "conflicting" interest as described in the TSE Guidelines.
4 & 5	Appoint a committee of independent directors responsible for the development and implementation of a self/peer group evaluation process and the proposing of new directors	The Corporate Governance Committee has the mandate to recommend board candidates. The Board conducts an annual self assessment and is addressing the development of a peer review process.
6	Provide orientation and education program for new directors	There is no formal process, however Officers and Directors through informal discussions, provide new Board members with necessary orientation and facts on all aspects of the company.



7	Consider reducing size of Board, with a view to improving effectiveness.	By amendment to the Articles of the Corporation, effective April 2001 the number of Board members was reduced to a range of 7 to 12 from the previous 9 to 15. The Board believes that the current range is effective, allowing for a diversity of views and opinions.
8	Review of compensation of directors in light of risks and responsibilities.	Directors, with the exception of Officers of the Manager, receive compensation. The level of compensation is reviewed by the Board on an on-going basis, most recently on August 15, 2001.
9	Committees should be composed of non-management directors and the majority should be unrelated	There are two committees of the Board: the Audit Committee is composed entirely of outside and unrelated directors and the Corporate Governance Committee consists of three members, two of whom are outside and unrelated.
10	Appoint a committee responsible for approach to corporate governance issues	The Board has appointed a Corporate Governance Committee responsible for corporate governance issues.
11	The board should develop position descriptions for the board and for the C.E.O.	The Board has developed a position description for the CEO and Members of the Board.
12	Establish procedures to enable the board to function independently of management	In addition to on-going access, the Audit Committee meets privately with the Corporation's external Auditors at least once annually. The independent Directors are at liberty to have separate discussions apart from Management and have agreed to meet at least once annually to discuss corporate matters.
13	Establish an audit committee with a defined mandate composed of all outside directors	<p>The Corporation's Audit Committee is generally mandated to:</p> <ul style="list-style-type: none"> <li>- Monitor the audit function and the preparation of financial statements</li> <li>- Approve quarterly financial results</li> <li>- Approve quarterly press releases</li> <li>- Recommend presentation of the annual financial statements and the corresponding press release to the Board for approval</li> <li>- Meet with the external auditors independently of management</li> <li>- Review the auditors' management letter and other recommendations</li> </ul> <p>All members of the Audit Committee are outside directors.</p>
14	Implement a system to enable individual directors to engage outside advisors at the Corporation's expense	Since the board has a majority of independent/outside directors it can at any time engage outside advisors by a majority vote.

### VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXY

On any ballot that may be called for at the Meeting, the common shares represented by each properly executed proxy in favour of the persons whose names are pre-printed in the enclosed form of proxy will, subject to the provisions of Section 114 of the *Business Corporations Act* (Ontario), be voted or withheld from voting in accordance

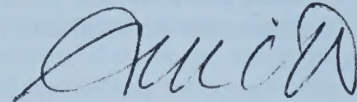


with the specifications given by the Shareholder. **In the absence of such specifications in the enclosed form of proxy, where the Shareholder has appointed the persons whose names have been pre-printed in the enclosed form of proxy as the Shareholder's nominee at the Meeting, such common shares will be voted in favour of the election of Directors, the appointment of Auditors and the authorization for the Directors to fix the Auditors' remuneration.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. At the date hereof the Management of the Corporation knows of no such amendments or variations or matters to come before the Meeting other than the matters referred to in the Notice of Meeting. However, where a Shareholder has appointed the persons whose names have been pre-printed in the enclosed form of proxy as the Shareholder's nominee at the Meeting, if any amendments or variations to matters identified in the Notice of Meeting or any other matters which are not now known to Management should properly come before the Meeting, the accompanying proxy will be voted on such matters in accordance with the best judgment of the person voting the proxy.

The contents and sending of this Management Information Circular have been approved by the Board of Directors of the Corporation.

By Order of the Board,

A handwritten signature in dark ink, appearing to read 'Colin D. Smith', written in a cursive style.

COLIN D. SMITH  
*Secretary-Treasurer*

Dated as of February 7, 2002  
Toronto, Ontario







